



CITY OF DURHAM | NORTH CAROLINA

Date: November 22, 2011

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

**From: David Boyd, Finance Director
Joseph W. Clark, Financial Operations Manager**

**Subject: Bids – Term Contract for Diesel Fuel
(1,000,000 gallons)**

Executive Summary

This contract was originally approved at the October 3, 2011 City Council meeting and was awarded to Indigo Energy Partners. This company has defaulted on the contract. Darden Putman the next low bidder is no longer interested in supplying this product and does not want us to consider their bid. Petroleum Traders is the recommended contractor.

The contract under consideration will furnish/provide the City with its estimated annual requirements for On Road Diesel Fuel (Transport Loads only). All prices under the proposed contract are subject to market fluctuation. On Road Diesel price adjustments under this proposed contract shall be based solely on the change in the "Average Price" of the prices listed in the weekly publication, "Oil Price Information Service, Pad 1 Report", listed under Greensboro, North Carolina. Any upward or downward change in the "Average Price" from one OPIS publication to the next will be added to or subtracted from the previous week contract price.

The total estimated cost of the contract is \$3,215,900.00. Funding for this contract is available from the operating budget of the Fleet Maintenance Department (0S110000.114102) and DATA (5310U051.723012). There are no good alternatives to making this purchase. All bids received were competitive and within budget.

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Petroleum Traders Corporation of Fort Wayne, Indiana and have determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting. There were no SDBEs to provide this product.

Recommendation

That the bid for the purchase of Diesel Fuel in the estimated amount of \$3,215,900.00 from Petroleum Traders Corporation be approved and the City Manager be authorized to execute all relevant contracts; and,

That the City Manager be authorized to modify the contract before execution provided that modifications do not increase the dollar amount of the contract and are consistent with the general intent of the existing version of the contract.

Background

This contract was originally approved at the October 3, 2011 City Council meeting and was awarded to Indigo Energy Partners. This company has defaulted on the contract. Darden Putman the next low bidder is no longer interested in supplying this product and does not want us to consider their bid. Petroleum Traders is the recommended contractor.

The contract under consideration will furnish/provide the City with term contract requirements for On Road Diesel Fuel (Transport Loads only). All prices under the proposed contract are subject to market fluctuation.

On Road Diesel price adjustments under this proposed contract shall be based solely on the change in the "Average Price" of the prices listed in the weekly publication, "Oil Price Information Service, Pad 1 Report", listed under Greensboro, North Carolina. Any upward or downward change in the "Average Price" from one OPIS publication to the next will be added to or subtracted from the previous week contract price.

The City's largest users of diesel fuel are the DATA transit buses, refuse collection vehicles, dump trucks, and heavy-duty pickup trucks.

Issues/Analysis

The following bids were received for furnishing On Road Diesel Fuel: (1,000,000 gallons)

COMPANY	BID
Indigo Energy Partners	\$.00888/margin
Alpharetta, GA (contractor defaulted)	\$3,204,380.00

Darden Putman Energy & Logistics Roswell, GA	(no longer interested)	\$.01388/margin \$3,209,380.00
Petroleum Traders Corporation Fort Wayne, IN	*	\$.0204/margin \$3,215,900.00
Great Lakes Petroleum Company Cleveland, OH		\$.0294/margin \$3,224,900.00
James River Solutions Richmond, VA		\$.0461/margin \$3,241,600.00
PAPCO Virginia Beach, VA		\$.0466/margin \$3,246,100.00

*Recommended Bid

Alternatives

There are no good alternatives to making this purchase. All bids received were competitive and within budget.

Financial Impact

Funding for this contract is available from the operating budget of the Fleet Maintenance Department (0S110000.114102) and DATA (5310U051.723012).

SDBE Summary

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Petroleum Traders Corporation of Fort Wayne, Indiana and have determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

SDBE REQUIREMENTS

There were no SDBEs to provide this product.

WORKFORCE STATISTICS

The workforce statistics for Petroleum Traders Corporation are as follows:

Total Workforce	91	100%
Total Females	60	66%
Total Males	31	34%
Black Males	1	1%
White Males	29	32%
Other Males	1	1%
Black Females	2	2%
White Females	51	56%
Other Females	7	8%